

State budget OK'd by Legislature, but much left undone

On session's final day, Legislature punts on teachers' raises, K-12 funding, regulating medical marijuana

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The floor of the Washington State Senate is shown in this file photo from Jan. 3, 2013.
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Washington lawmakers were expected to adjourn by midnight Thursday after approving a supplemental budget that boosts state spending overall by \$155 million through June 2015.

The divided Legislature had few big achievements and left a lot of work undone – including the court-ordered job of charting a pathway to full funding of basic education by 2017-18. Legislators also failed to pass a transportation tax package or a capital construction budget.

What they did approve was a supplemental operations budget that negotiators in the Democrat-controlled House and Republican-steered Senate had agreed to at the last minute Wednesday. It is sure to anger as many as it pleases, avoiding tax increases and omitting cost-of-living pay raises for teachers, which Gov. Jay Inslee and his fellow Democrats were pushing to secure.

It also avoids repealing tax exemptions such as the waste-fuel exemption benefiting oil refineries, which Democrats wanted in order to pay for the salary adjustments.

At the same time, lawmakers avoided opening new tax breaks. That lack of action on tax policy was a disappointment to the high-tech sector, which faces the rare lapsing of tax benefits for research and development and also for new data server farms.

“This is a supplemental budget. It is a modest budget; it doesn’t make big sweeping changes,” House Appropriations Committee chairman Ross Hunter, D-Medina, said at a news conference with other budget negotiators.

“It’s a bipartisan budget. It prioritizes education. It lives within our means. And we got done on time,” Senate Ways and Means Committee chairman Andy Hill, R-Redmond, said. “It’s disappointing we didn’t get R and D credits (extended) ... We could not get agreement with the House on that. They wanted to close some exemptions.”

Both sides gave ground in talks, which is a political given in an election year when both parties want to appear willing to solve problems. The final votes — 85-13 in the House and 48-1 in the Senate — reflected the bipartisan tone of negotiations.

Only two lawmakers with districts in the South Sound voted against the budget — Rep. Jesse Young, R-Gig Harbor, and Rep. Ed Orcutt of Longview.

The budget dedicates an additional \$58 million to K-12 schools’ books, supplies and operating costs. Lawmakers also agreed to boost funding for mental health programs by \$20.7 million, including \$7.6 million for inpatient beds and outpatient services in communities. Another \$5 million lets the Department of Corrections open a 256-bed unit at the Washington State Penitentiary and lease another 75 beds elsewhere for the state’s female inmates.

For the second year in a row, budget writers were able to maintain a freeze on college tuition after two decades of continual increases. They also added \$25 million for Opportunity Scholarships in higher education and \$5 million for the state need grant, which was expanded to help students brought into the country illegally as children.

The budget also put \$23.2 million toward a new collective bargaining agreement for in-home child care providers and \$7 million for excess costs last year to fight wildfires.

Unable to persuade the Senate to close four tax breaks, the House abandoned its call for a 1.3 percent pay adjustment for teachers, which would have cost more than \$50 million. That means K-12 employees will go a sixth straight year without an inflation adjustment in pay.

Lawmakers were able to increase spending by virtue of a growing economy that boosted revenues by \$60 million in February and by assuming that Inslee's "Lean" efficiency measures save \$10 million. They found \$20 million more by stopping funding for new grants in the Life Science Discovery Fund for medical research, \$4 million by taking surplus from a Lottery prize fund, and \$64 million from the Public Employees Benefits Board fund that pays the state share of state workers' health insurance premiums.

Despite acting to increase K-12 school funding, the Legislature remains under the state Supreme Court's orders in the McCleary case to fully fund K-12 schools by 2017-19. In the near term, the Legislature must show by April 30 how state investments in K-12 schools can lead to full funding in the 2017-18 school year.

Lawmakers are at odds over how much more money is needed — or what to tell the court.

Inslee often cites a range of \$4 billion to \$5 billion that is needed above current levels over four years. He contends tax exemptions need to be closed to capture a portion of that in new revenue.

Hill says last year's commitment of nearly \$1 billion of new spending for basic education grows to \$1.6 billion in the next biennium, giving a jump-start on next year's obligations. Plus, he said, the state will enter the next two-year budget without deficits — something that hasn't happened at the start of a biennium since 2007.

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